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PARTNERS

Partnership In
Maximizing Category Profit

Retail Partner Programs

1995 Retail Merchandising

1995 Retail Co-Marketing

R.J. Reynolds Tobacco Company

51850 7257

Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

Retail Partners Program
Background

- **The cigarette industry has changed dramatically over the past few years:**
  - ***Price rollback***
  - ***B&W / ATC merger***
- **RJR's needs have changed:**
  - ***Link trade programs***
  - ***Support strategic brands at Retail***
  - ***Develop foundation for future growth***
- **Retailers needs have also changed :**
  - ***Address customer needs in all relevant price tiers***
  - ***Competition from other retailers / classes of trade***
  - ***Increase customer traffic & loyalty***

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

Retail Partners Program
Objectives

- Create meaningful partnerships with the Retail Trade.
- Provide "Total Category Partners" with a clear point-of-difference.
- Position RJR to serve as the true "Category Advisor".
- Maximize Retailer and RJR Profits.
- Develop foundation for future growth of Retailer profit and RJR brands.

RJ Reynolds
WE WORK FOR SMOKERS

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

Retail Partners Program

Summary of Changes

- *Merchandising*
  - Shift to performance based merchandising (based on RJR volume).
  - Linkage to marketing objectives at retail -- 2 full price feature displays and 1 savings.
- *Co-Marketing*
  - Co-Marketing Funds - greater impact / point of difference.
  - Co-Marketing Funds - linked to merchandising and RJR volume.
- *Program Management*
  - Partnership approach to retail needs / priorities.
  - Field sales flexibility and targeting for long-term growth.

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Merchandising Program - Pack Outlets *Program Requirements*

Elements:

Merchandising

Base

- **2 - Full Price Displays**
- **1 - Savings Display**
- **Share of Signage**
- **RJR - no competitive disadvantage**

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Co-Marketing

- **Accrual fund to promote RJR Full Price Brands**
- **2 levels of Partnership:**
  - **Total Category Partner - RJR "Everyday Low Price" brand**
  - **Merchandising Partner - No RJR "Everyday Low Price" brand**

R.J. Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Merchandising *Program Requirements*
Self Service Pack Outlets

Base Participation

- Retailer agrees to maintain:
  - RJR Full Price Display in Primary Position
  - RJR Full Price Display in a 2nd, 3rd or 4th Full Price position
  - RJR Savings Brand Display in a Primary Savings Position
- Retailer further agrees to:
  - Display RJR "Lowest" brands, if applicable
  - Provide RJR accurate volume information
    - Authorize primary and other suppliers to release brand style volume information to RJR.
  - Provide RJR share of available signage (excluding signage on fixtures/displays) equal to RJR Share of Market.
  - Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.
  - Ensure RJR brands are represented in all price tiers as required.
  - Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
  - Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
  - Accept new RJR brand styles as requested by RJR representative
- RJR reserves the right for final approval of display/advertising sizes and locations.

Pay For Performance

Retailer earns payment based on performance of program requirements and RJR volume.

Co-Marketing

Meet all requirements specified for base participation.
Retailer uses Co-Marketing to drive RJR volume.

Retail Partners

	Lower Range	CURRENT	Next Higher Range
RJR CPW			
RJR Payment			

R.J. Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Merchandising *Program Requirements*
Non-Self Service Pack Outlets

Base Participation

- Retailer agrees to maintain:
  - RJR Full Price Display in Primary non-self-service position
  - RJR Full Price Display in a 2nd, 3rd or 4th Full Price non-self-service position
  - RJR Savings Brand Display in a Primary Savings non-self-service position
- Retailer further agrees to:
  - Display RJR "Lowest" brands, if applicable
  - Provide RJR accurate volume information
    - Authorize primary and other suppliers to release brand style volume information to RJR.
  - Provide RJR share of available signage (excluding signage on fixtures/displays) equal to RJR Share of Market.
  - Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.
  - Ensure RJR brands are represented in all price tiers as required.
  - Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
  - Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
  - Accept new RJR brand styles as requested by RJR Representative.
- RJR reserves the right for final approval of display/advertising sizes and locations.

Pay For Performance

Retailer earns payment based on performance of program requirements and RJR volume.

Co-Marketing

Meet all requirements specified for base participation.
Retailer uses Co-Marketing to drive RJR volume.

Retail Partners

	Lower Range	CURRENT	Next Higher Range
RJR CPW			
RJR Payment			

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Merchandising Program -
Self Service Carton Outlets *Program Requirements*

Base Participation

- Retailer agrees to maintain:
  - Self-Service RJR Package Merchandiser(s) in Primary Position
  - Space for RJR cartons equal to RJR SOM. Minimum space determined by RJR. Separate Full Price and Savings sections required
  - RJR brands on top shelves contiguous
  - Advertising located over RJR brands
- Retailer further agrees to:
  - Provide RJR accurate volume information
    - Authorize primary and other suppliers to release brand style volume information to RJR.
  - Provide RJR share of available signage (excluding signage on fixtures/displays) equal to RJR Share of Market.
  - Ensure RJR brands are represented in all price tiers as required.
  - Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
  - Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
  - Accept new RJR brand styles as requested by RJR Representative.
- RJR reserves the right for final approval of display/advertising sizes and locations.

Pay For Performance

Retailer earns payment based on performance of program requirements and RJR volume.

Co-Marketing

Meet all requirements specified for base participation.
Retailer uses Co-Marketing to drive RJR volume.

Retail Partners

	Lower Range	CURRENT	Next Higher Range
RJR CPW			
RJR Payment			

RJ Reynolds Tobacco Company

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Merchandising Program -
Non-Self Service Carton Outlets *Program Requirements*

Base Participation

- Retailer agrees to maintain:
  - RJR Package Merchandiser(s) in Primary position (Self-Service)
  - Space for non-self-service cartons equal to RJR SOM. Minimum space determined by RJR. Separate Full Price and Savings sections required
  - RJR brands on top shelves contiguous
  - Advertising located over RJR brands.
- Retailer further agrees to:
  - Provide RJR accurate volume information
    - Authorize primary and other suppliers to release brand style volume information to RJR.
  - Provide RJR share of available signage (excluding signage on fixtures/displays) equal to RJR Share of Market.
  - Ensure RJR brands are represented in all price tiers as required.
  - Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
  - Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
  - Accept new RJR brand styles as requested by RJR representative.
- RJR reserves the right for final approval of display/advertising sizes and locations.

Pay For Performance

Retailer earns payment based on performance of program requirements and RJR volume.

Co-Marketing

Meet all requirements specified for base participation.
Retailer uses Co-Marketing to drive RJR volume.

Retail Partners

	Lower Range	CURRENT	Next Higher Range
RJR CPW			
RJR Payment			

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Merchandising Program - Cigarette Outlets *Program Requirements*

Base Participation

- Retailer agrees to maintain:
  - RJR Full Price Pack Display/merchandiser in Primary position
  - RJR Savings Brand Pack Display/merchandiser in Primary position
  - Parity representation for displays at register (selling area), Full Price and Savings Brands
  - "Feature" Savings Center in a Primary Savings position
  - Other Savings Center if applicable
  - Full Price Carton merchandiser - RJR brands
  - Dedicated promotional space for RJR brands, Pack and Carton
  - Indoor and Outdoor "high impact" signage
  - Share of signage equal to RJR SOM
- Retailer further agrees:
  - Provide RJR accurate volume information
    - Authorize primary and other suppliers to release brand style volume information to RJR.
  - Provide RJR share of available signage (excluding signage on fixtures/ displays) equal to RJR Share of Market.
  - Ensure RJR brands are represented in all price tiers as required.
  - Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
  - Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
  - Accept new RJR brand styles as requested by RJR representative.
- RJR reserves the right for final approval of display/advertising sizes and locations.

Pay For Performance

Retailer earns payment based on performance of program requirements and RJR volume.

Co-Marketing

Meet all requirements specified for base participation.
Retailer uses Co-Marketing to drive RJR volume.

Retail Partners

	Lower Range	CURRENT	Next Higher Range
RJR CPW			
RJR Payment			

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Co-Marketing Promotion Accrual Program

Partnership Definition

Total Category Partner	Merchandising Partner	Non-Partner
Base Merchandising Elements	Base Merchandising Elements	No Base Elements
RJR Everyday Low Price Brand	No RJR EDLP Brand	N/A
Maximum Per Carton Rate	Lower Per Carton Rate	N/A
Premium Menu Option	No Premium Menu Option	N/A
Option to Match	Must Match	N/A

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

1995 Co-Marketing Promotion Accrual Program

Applies to both Pack and Carton Outlet Co-Marketers

Co-Marketing:

- **Accrual fund to promote RJR Full Price brands.**
- **Fund accrues monthly.**
  - **Utilized quarterly**
- **Unused funds can be rolled to subsequent quarters.**
  - **No rollover to subsequent year**

Total Category Partner	Merchandising Partner
$	$

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

Retail Partners

Earnings Comparison

	1994	1995	Difference
Merchandising $			
Co-Marketing $			
Total $			

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

RJR's Retail Partners Program

Better Because It's Performance Driven :

- **Best for the category -**
  - Program designed to help you sell all brands (not just ours)
  - Allows retailers to display & promote all leading brands
  - Supports all cigarette price levels to best satisfy customers
- **Best for the Retailer -**
  - Program is flexible and tailored to meet retailer needs :
    - » Flexible Merchandising
    - » Flexible Co-Marketing
    - » Flexible Service

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

Co-Existence Is Best For The Retailer

PACK OUTLETS

If 36% of your customers drank the #1 cola, would you eliminate all the others ?

If 36% of your customers ate the #1 candy, would you display it exclusively ? -- Or Beer -- Or Snacks -- Or Magazines ? Of Course Not .

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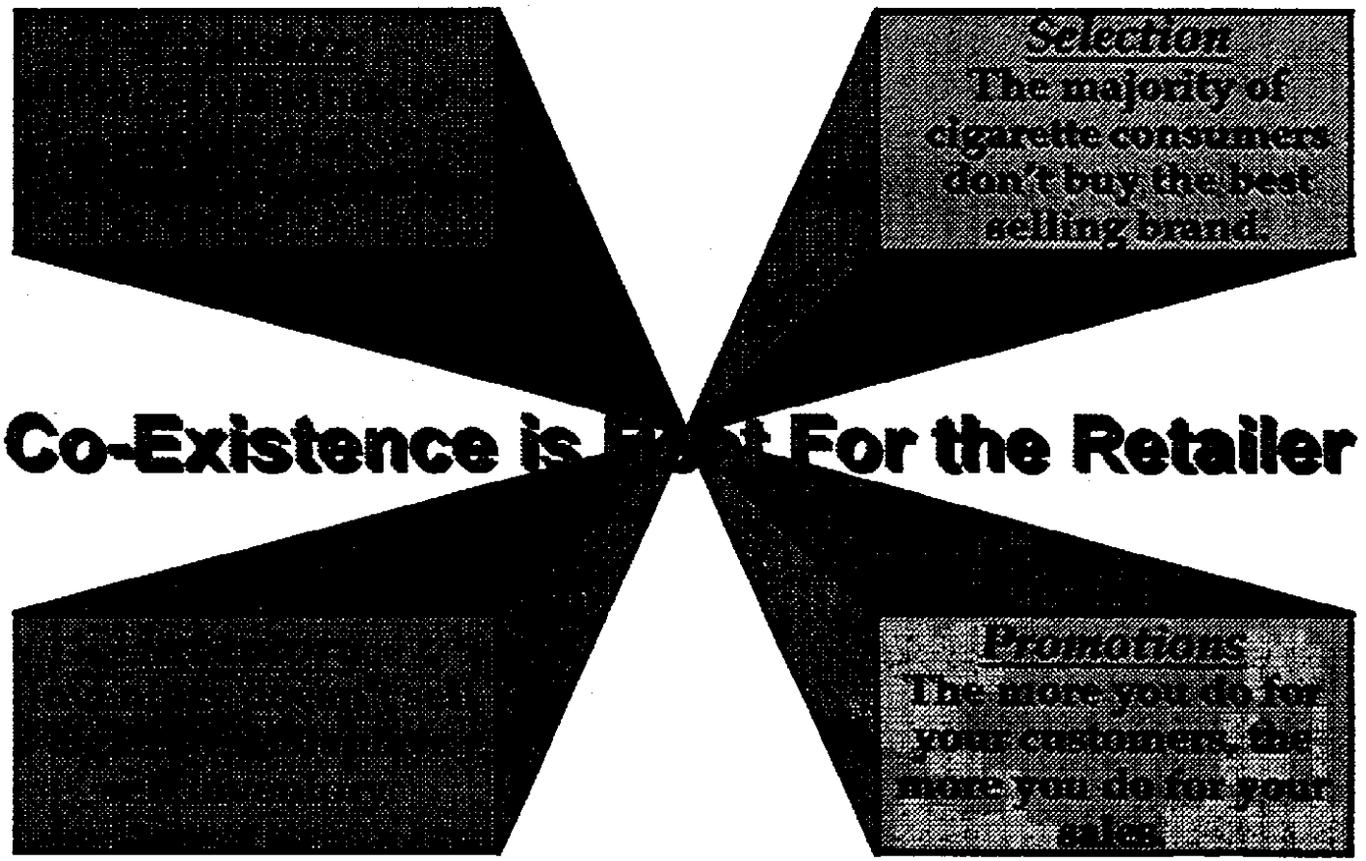
Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

The Co-Existence Strategy



Don't Sell Yourself Short !

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

Displays Are Important To Your Business

The same is true for cigarettes -

- **Your business requires displaying and promoting a wide variety of brands, satisfying all of your customers' wants, so you can:**
  - **Build Traffic**
  - **Grow Sales and Profits**
- **At RJR - We believe the more brands they see, the more brands you sell**
- **At RJR - We'll help you sell all your cigarettes, not just our brands**

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

RJR Retail Partners Program

Summary of Advantages

- Flexible merchandising display and signage elements
- All RJR brand sales count toward performance
- Realistic grid levels - room for realistic growth
- Multiple levels of partnership for Co-Marketing $
- Match Options for Co-Marketing $
- Proven RJR - Retailer Promotions

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Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000

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Recommendations :

We look forward to working with you as a partner to achieve success in meeting the needs of our consumers and cigarette category objectives in 1995.

Thank You !

R J Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/psvy0000